



Citizens Tri-County Bank

March 8, 2006

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re Comments Regarding Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Mr. Feldman,

I strongly oppose the application of Wal-Mart Stores, Inc., for Federal deposit insurance coverage for an ILC charter in Utah. As a community banker, I believe that allowing Wal-Mart to own a bank charter and potentially open branches in its network of stores would do irreparable damage to my community and my institution, and pose a severe systemic risk to our nation's economy.

Wal-Mart has stated that it intends to operate a limited ILC charter in Utah. I remain unconvinced that Wal-Mart will take a narrow view. Management's assurances that the operation will remain narrow do not agree with the company's history and corporate philosophy. This is Wal-Mart's fourth attempt to get into the banking business. Wal-Mart's CEO says he wants to grow the company and provide financial services to its customers. One must conclude that Wal-Mart will be amending its business plan in the future to allow a full array of banking services. We must not allow this to happen.

Wal-Mart has a long history of destabilizing communities by undercutting prices of local merchants and driving them out of business. That is not a theory, it is a fact. For example, when Wal-Mart entered Iowa, 50% of clothing stores, 30% of hardware stores, 42% of variety stores, 26% of department stores, and 25% of building materials stores were driven out of business. Iowa consumers were not well served by eliminating Wal-Mart's competitors and denying consumer choice. Think of the economic consequences of those statistics, and the devastating impact it had on the state of Iowa.

Wal-Mart did not open stores in those communities to be civic partners with local merchants, they opened stores to drive local merchants out of business and steal their customers, which is just what they did. The largest company in the world could do the same thing to community banks. The FDIC would be ill-advised to set this nation on a course that could result in the demise of the community banking industry as we know it today.

Congress has reaffirmed our nation's long standing policy against the mixing of banking and commerce, and with good reason. Mixing banking and commerce would create serious conflicts of interest and distort credit decisions. The impartial allocation of credit is the linchpin of our financial system and must be preserved. Would a Wal-Mart Bank offer credit at reasonable terms to its competitors? Would Wal-Mart require its suppliers to bank at the Wal-Mart bank?

Even more importantly, the largest company in the world owning a bank would produce a dangerous concentration of economic power and resources that would pose severe systemic risks to our economy. What would have happened if Enron or Worldcom owned a bank? It could have exposed the FDIC fund to enormous liability and pulled down our entire financial system. Our nation cannot afford to take that risk to save Wal-Mart a couple of pennies on each credit and debit card transaction.

For the sake of the community banks of our nation and the customers and communities we serve, do not allow Wal-Mart to get into the banking business. Make a statement for fair competition and consumer choice by denying Wal-Mart's application for deposit insurance.

Sincerely,

Garvie J. O'Neil

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